

OFFICE OF RURAL COMMUNITY AFFAIRS

Executive Committee Meeting
 Stephen F. Austin State Building
 1700 N Congress Ave., Room 220S
 Austin, Texas

August 7-8, 2006

MINUTES

The Executive Committee of the Office of Rural Community Affairs convened at the Stephen F. Austin State Building, Room 170, in Austin, Texas at 2:08 p.m. on Monday, August 7, 2006. The Committee entered into Executive Session at 5:11 p.m. that same afternoon, and recessed at 5:53 p.m. that same afternoon of August 7, 2006. The Committee reconvened at 8:37 a.m. the next day, Tuesday, August 8, 2006 and adjourned at 10:14 a.m. that same day, Tuesday, August 8, 2006.

Executive Committee Members in Attendance

Present

Carol Harrell, Vice Chair
 David Alders
 Michael Waters, Secretary
 Nicki Harle
 Patrick Wallace (*August 7, 2006 only*)
 Wallace G. Klussmann
 William M. Jeter, III, Chairman

Not present

Ike Sugg
 Lydia Saenz

Others Registered in Attendance (*in alphabetical order by last name*)

Last Name	First Name	Organization
Altamirano	Virgilio	Helin, Donovan, Trubee and Wilkinson (Internal Auditor)
Beverly	Eric	Office of Rural Community Affairs
Borcik	Teresa	Office of Rural Community Affairs
Cabello	Homero	Texas Department of Housing and Community Affairs
Cardenas	Oralia	Office of Rural Community Affairs
Cardiff	Sandy	Office of Rural Community Affairs
Clark	Kim	Office of Rural Community Affairs
Cruz	Theresa	Office of Rural Community Affairs

Last Name	First Name	Organization
Flores	David	Office of Rural Community Affairs
Hairston	Terrie	Office of Rural Community Affairs
Heyburn	Kevin	Office of the Attorney General
Hoeth	Richard	Texas Hospital Association
McFarren	Jill	Office of Rural Community Affairs
McPhee	Don	Helin, Donovan, Trubee and Wilkinson (Internal Auditor)
Ninaud	Christian	Sunset Commission
Nobles	David	Office of Rural Community Affairs
Page	Sharon	Office of Rural Community Affairs
Peinado	Elena	Texas Department of Housing and Community Affairs
Scott	Carolyn	Lt. Governor's Office
Stone	Charles	Office of Rural Community Affairs
Swango	Steve	Office of Rural Community Affairs
Thiam	Adama	State Auditor's Office
White	Kim	Office of Rural Community Affairs

Chairman Jeter called the meeting to order at 2:08 p.m. and asked Michael Waters, Secretary, to call the roll. A quorum was present.

1 Agenda Item A2

A. Michael Waters offered and Nicki Harle seconded the motion to approve the minutes of the April 3, 2006 Executive Committee meeting.

The Executive Committee, with all members present voted yes.

B. Michael Waters offered and Patrick Wallace seconded the motion to approve the minutes of the June 2, 2006 Executive Committee meeting.

The Executive Committee, with all members present voted yes.

2 Agenda Item D2

David Alders, Chair of the Subcommittee on the Internal Audit, introduced to the Executive Committee Mr. Don McPhee of the internal auditing firm of Helin, Donovan, Trubee and Wilkinson (Internal Auditor). Mr. McPhee presented the firm’s draft internal audit report.

Michael Waters asked Mr. McPhee if any deficiencies in the report were material. Mr. McPhee confirmed that there are no material deficiencies in the report.

No action was taken.

3 Agenda Item E1

ORCA Rural Health Division Director, Theresa Cruz, briefed the Executive Committee on the staff report on the historical activities of the Outstanding Rural Scholar Recognition Program.

Patrick Wallace and Michael Waters requested that Ms. Cruz identify success and graduation rates to determine program success.

Patrick Wallace and Michael Waters requested that Ms. Cruz research whether or not other State Offices of Rural Health across the country offer similar programs, and if so identify their success and graduation rates.

Wallace Klussmann also requested that Ms. Cruz identify the impact of the program in rural Texas, including data such as the number of physicians and nurses and the number of years of commitment served.

Carol Harrell requested that the Rural Health Division coordinate tracking of participants and defaulters with medical licensure agencies.

William Jeter asked Ms. Cruz to consult with the Office of the Attorney General to determine if increasing the interest charged to default accounts would increase repayment response.

David Alders requested that Ms. Cruz provide an estimate of the total ORSRP program dollars in default.

No action was taken.

4 Agenda Item E2

ORCA Rural Health Division Director, Theresa Cruz, briefed the Executive Committee on the award of the Critical Access Hospital/Medicare Rural Hospital Flexibility (CAH/FLEX) program

grants.

Patrick Wallace requested staff to recommend which CAH/Flex-funded programs to keep and changes, if any, to program allocations.

Patrick Wallace also requested that future program reports include project descriptions.

No action was taken.

5 Agenda Item E3

ORCA Rural Health Division Director, Theresa Cruz, briefed the Executive Committee on the acceptance of Grant Award, H3HRH00002-05-01 for Small Rural Hospital Improvement Grant Program (SHIP) in the amount of \$1,018,476.

Carol Harrell offered and Patrick Wallace seconded the motion to accept the Small Rural Hospital Improvement Grant Program (SHIP) grant.

The Executive Committee, with all members present voted yes.

6 Agenda Item F3

ORCA Community Development Director, Oralia Cardenas, briefed the Executive Committee on the Memorandum of Understanding contract with the Texas Department of Housing and Community Affairs for Colonia Office Initiatives Funding.

Nicki Harle offered and Mike Waters seconded the motion to accept the MOU contract with TDHCA with ORCA staff's recommended revisions.

The Executive Committee, with all members present voted yes.

7 Agenda Item D1

ORCA Chief Financial Officer, David Flores, provided the Executive Committee with an update on the agency's Fiscal Year 2006 internal budget.

No action was taken.

8 Agenda Item D3

ORCA Chief Financial Officer, David Flores, briefed the Executive Committee on the Operating Budget for FY 2007.

Patrick Wallace offered and Carol Harrell seconded the motion to accept the Operating Budget for FY 2007.

The Executive Committee, with all members present voted yes.

9 Agenda Item B1

Chairman Jeter opened the meeting to public comment at 4:27 p.m.. There were none.

10 Agenda Item C6

ORCA Executive Director Charles S. (Charlie) Stone briefed the Executive Committee on the Legislative Appropriations Request (LAR) for FY 08-09.

THE EXECUTIVE COMMITTEE POSTPONED FURTHER DISCUSSION ON AGENDA ITEM C3 UNTIL THE FOLLOWING DAY, TUESDAY, AUGUST 8, 2006. THE EXECUTIVE COMMITTEE ENTERED INTO EXECUTIVE SESSION.

11 Agenda Item I

The Executive Committee entered into Executive Session at 5:11 p.m. on Monday, August 7, 2006, at which time Chairman Jeter made the following Executive Session Announcement:

“The Office of Rural Community Affairs will go into Executive Session at this time, pursuant to the Texas Open Meetings Act, Texas Government Code Section 551.071 for privileged communication with its attorney concerning contemplated litigation and other legal matters and pursuant to Texas Government Code Section 551.074(a)(1) to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director, a public

officer or employee.

All members of the public and staff are requested to leave the meeting room at this time. The time is 5:11 p.m.

At 5:53 p.m. Chairman Jeter announced,
"This Executive Session is ended. The date is August 7, 2006. The time is 5:53 p.m. no formal action was taken on any item in the Executive Session."

No action was taken.

THE COMMITTEE RECESSED AT 5:53 P.M. ON AUGUST 7, 2006 UNTIL 8:37 A.M., AUGUST 8, 2006.

THE EXECUTIVE COMMITTEE RECONVENED AT 8:37 A.M. ON TUESDAY, AUGUST 8 AND CONTINUED WITH THE AGENDA.

MICHAEL WATERS CONFIRMED A QUORUM FOR THE DAY, NOTING THE ABSENCE OF PATRICK WALLACE

Agenda Item C6 (*continued from Monday, August 7, 2006*)

Michael Waters noted he would like to increase the current \$90,000 salary of the Executive Director to \$112,000 per year.

Wallace Klussmann suggested that the \$112,000 salary would be conservative.

David Alders agreed and noted the importance of keeping the salary competitive with other similar state agencies.

Wallace Klussmann asked Mr. Stone if he thought there would be a chance to request more money from State General Revenue for disaster relief assistance for rural Texas. Mr. Stone acknowledged that he has discussed the topic with members of the Governor's staff.

The Committee members discussed optional names for any such funding to reflect the rural purpose of the dollars, such as "Rural Relief" or "Rural Drought Relief."

Mr. Stone added that the Texas Forest Service may be perceived to be a more likely administrator of such funding if the dollars were to be directed to providing relief from fires. Mr. Stone noted that other assistance may be available from entities such as the US Department of Agriculture and the Small Business Administration for assistance with other types of relief, such as repairing fences.

Wallace Klussmann strongly requested Mr. Stone to continue pursuing additional disaster relief funding.

David Alders offered and Michael Waters seconded the motion to approve the Legislative Appropriations Request for FY 08-09 with the inclusion of a \$112,000 salary cap for the Executive Director position.

The Executive Committee, with all members present voted yes.

12 Agenda Item B1

Chairman Jeter opened the meeting to public comment at 9:00 a.m. None was offered.

13 Agenda Item C1

ORCA Executive Director Charles S. (Charlie) Stone briefed the Executive Committee on the Sunset Process of the agency including the attendance at the Sunset Public hearing scheduled for Nov. 14th, 2006.

Mr. Stone thanked ORCA Research and Policy staff, Eric Beverly and Kim White, for their research and coordination of agency responses to all Sunset requests.

No action was taken.

14 Agenda item C2

ORCA Executive Director Charles S. (Charlie) Stone briefed the Executive Committee on the activities related to new and existing field office locations.

- A. Approval of lease agreements for the following locations:
1. Sweetwater
 2. La Grange
 3. Rockwall
 4. Kountze
 5. Bedias
 6. Vernon
 7. Nacogdoches Field Office (lease renewal expired 12/2005)

Michael Waters offered and Nicki Harle seconded the motion to approve the lease agreements for the seven field offices.

The Executive Committee, with all members present voted yes.

- B. Consider schedule for Field Office Grand Openings.

No action was taken.

15 Agenda Item C3

ORCA Executive Director Charles S. (Charlie) Stone briefed the Executive Committee on the contract with the Office of the Attorney General to provide general legal services for the agency.

Wallace Klussmann offered and Carol Harrell seconded the motion to approve the contract with the Office of the Attorney General to provide general legal services for the agency.

The Executive Committee, with all members present voted yes.

16 Agenda Item C4

ORCA Executive Director Charles S. (Charlie) Stone briefed the Executive Committee on the results of the 2006 Survey of Organizational Excellence.

David Alders requested a copy of the survey results.

No action was taken.

17 Agenda Item C5

ORCA Executive Director Charles S. (Charlie) Stone briefed the Executive Committee on the proposed rules to establish the agency's process for collecting delinquent obligations owed to the agency and the state of Texas.

Kevin Heyburn of the Office of the Attorney General, serving as the agency's general counsel, suggested that the Executive Committee consider adopting policies rather than rules, as the agency may follow the AG's established rules. Mr. Heyburn noted that he would work with Mr. Stone to draft such policies, which Mr. Stone could then approve.

The Executive Committee advised Mr. Stone to proceed to develop such policies with Mr. Heyburn.

Michael Waters requested that the policies include gathering all phone numbers and email addresses for all records.

No action was taken.

18 Agenda Item F2

ORCA Community Development Director, Oralia Cardenas, briefed the Executive Committee on the FY 2006 HUD Allocation.

David Alders offered and Nicki Harle seconded the motion to accept the FY 2006 HUD Allocation of \$73,297,579.

The Executive Committee, with all members present voted yes.

19 Agenda Item F4

ORCA Community Development Project Development Manager, Steve Swango and ORCA Community Development Regional Coordinator, Jacqueline Larkin, briefed the Executive Committee on the drafts of new policies relating to soft costs.

Mr. Swango acknowledged Theresa Cruz for her initial contributions in researching soft costs. Mr. Swango also recognized Jacqueline Larkin for

her contributions to the development of the policies.

David Alders offered and Michael Waters seconded the motion to accept the Housing Rehabilitation Soft Cost Policy, the Housing Rehabilitation Mobile Home Reconstruction Policy and the Housing Rehabilitation Change Order Policy.

The Executive Committee, with all members present voted yes.

20 Agenda Item F1

ORCA Community Development Director, Oralia Cardenas, briefed the Executive Committee on the activities related to the federal funds designated for relief in response to Hurricane Rita and the authorization of the ORCA Executive Director to negotiate with the Texas Department of Housing and Community Affairs on the TDHCA/ORCA Disaster Recovery Agreement.

David Alders offered and Nicki Harle seconded the motion to authorize the Executive Director to negotiate with TDHCA on the TDHCA/ORCA Disaster Recovery Agreement.

The Executive Committee, with all members present voted yes.

21 Agenda Item H3

Wallace Klussmann requested the Executive Committee consider selection of Executive Committee officers for Chair, Vice-chair and Secretary.

Wallace Klussmann offered and Carol Harrell seconded the motion to elect Michael Waters as Chair, David Alders as Vice-Chair and Nicki Harle as Secretary.

The Executive Committee, with all members present voted yes.

Before moving to the next agenda item, Michael Waters thanked and expressed his appreciation to William Jeter for his service and leadership.

Carol Harrell noted that it had been an honor to serve the agency and the Committee.

22 Agenda Item H1

ORCA Executive Director Charles S. (Charlie) Stone briefed the Executive Committee on the scheduling and the location of future Executive Committee Meetings.

To date, the meeting schedule includes:

October 5-6, 2006	Pampa
November 30 - December 1, 2006 *	Austin
February 1-2, 2007	Bowie
April 5-6, 2007	Austin
May 30 - June 1, 2007	Pittsburg
August 203, 2007	Austin

Nicki Harle suggested that the Executive Committee hold its December 2006 meeting in Austin on December 11 and 12, 2006 to coincide with the Sunset Commission's final announcement regarding the agency.

No action was taken.

23 Agenda Item H2

ORCA Executive Director Charles S. (Charlie) Stone briefed the Executive Committee on the agency's performance measures.

No action was taken.

24 Agenda Item J

Chairman Jeter adjourned the meeting at 10:14 a.m.